



CITY-SCHOOL TREASURER'S OFFICE
CITY OF PITTSBURGH
DEPARTMENT OF FINANCE
CITY COUNTY BUILDING
414 GRANT ST 2ND FLOOR
PITTSBURGH PA 15219-2476

ADDRESS SERVICE REQUESTED

PRESORTED
FIRST CLASS
MAIL
U.S. POSTAGE PAID
CITY OF PITTSBURGH

2010 PGH-40

Your 2010 City and School District of Pittsburgh Individual Earned Income / Net Profit Tax forms and instructions are enclosed.

File by Phone, Internet or Mail

TAXPAYERS CANNOT OFFSET A BUSINESS LOSS AGAINST WAGES – SEE PAGE 6

PLEASE HELP US TO PROCESS YOUR RETURN QUICKLY AND EFFICIENTLY

File your return by Phone or Internet if you are eligible (see TELEFILING / INTERNET FILING WORKSHEET)

If you file by Mail, prepare your return so it can be processed utilizing our electronic data imaging system

- Use the pre-printed PGH-40 provided
- **PRINT NEATLY** in **CAPITAL LETTERS**, and use **BLACK INK**
- Provide legible 8-1/2 x 11 photocopies of W-2s, 1099s and other documents
- Do not staple anything to your return
- Use the Envelope and Color-Coded Address Label provided

If you file prior to April, allow 8 weeks for processing before calling the Refund Tracking System (RTS) to track the status. If you file in April, allow 10 weeks. The Refund Tracking System phone number is 412-393-0167.

The Future of our Region Depends on You!

the pittsburgh promise

Pittsburgh's young people are working harder and dreaming bigger because of The Pittsburgh Promise. In just two years, The Pittsburgh Promise has provided **1600 scholarships** for Pittsburgh Public School students to pay for education beyond high school.

For the third consecutive year, Pittsburgh Mayor Luke Ravenstahl, City Council and the City's Department of Finance are making it possible for every City resident to make a contribution to support The Pittsburgh Promise,

Be part of building a bright future for Pittsburgh by making a tax deductible contribution to The Pittsburgh Promise. The back cover of your tax booklet contains an easy to use contribution envelope.

PLEASE MAIL YOUR CONTRIBUTION SEPARATE FROM YOUR TAX PAYMENT

PITTSBURGH CITY & SCHOOL DISTRICT TAX

The City of Pittsburgh Earned Income Tax is levied at the rate of **1%** under Act 511. The Pittsburgh School District Earned Income Tax is levied at the rate of **2%** under the School District Earned Income Enabling Legislation (Act 508).

WHO MUST FILE A TAX RETURN?

Every resident individual, trust and estate receiving **EARNED INCOME** during 2010.

Every resident individual, trust and estate that realizes net income from the operation of a business, profession or other activity (**NET PROFIT**) during 2010.

Every non-resident of Pennsylvania receiving **EARNED INCOME** or **NET PROFIT** for 2010 from sources within Pittsburgh.

SPECIAL CIRCUMSTANCES

The return for a "Deceased" person must be filed by the executor, administrator, trustee or other person charged with the care of the estate. This will result in no PGH-40 being sent in future years.

A resident who is required to file a Pennsylvania tax return (PA-40) but **DOES NOT** have any earned income subject to the City and School District Earned Income Tax for 2010 is to sign and mail the return in the envelope provided, along with a statement describing the sources of income.

A retired person whose income is derived from pensions, annuities, Social Security, interest and/or dividends and who has received no earned income is to sign and mail the return in the envelope provided, along with a statement describing the sources of income. This will result in no PGH-40 being sent in future years.

EXAMPLES OF TYPES OF TAXABLE INCOME

- Salaries and Wages
- Bonuses
- Commissions
- Stock Options related to employment
- Severance Pay
- Monetary Value of Covenant, not to compete
- Director's Fees
- Executor's Fees
- Lump Sum Payments
- Military Reserve Pay
- Educational stipends, unrelated to scholarships
- NET PROFITS** from business, profession or other activity
- NET PROFITS** from Partnership, Joint Venture, etc.
- Business Rental Income – PA Schedule C (see *instructions on Line 4 of the PA-40*)
- Royalty Income – PA Schedule C

EXAMPLES OF TYPES OF NON-TAXABLE INCOME

- Active Duty Military Pay
- Capital Gains
- Disability & Sickness Payments (*Other than regular wages*)
- Dividends
- Gambling
- Group Term Life as stated on W-2
- Income from gas and oil royalties - passive
- Interest
- Rents PA Schedule E
- Payments arising under Worker's Compensation Acts, Occupational Disease Acts or similar legislation.
- Public Assistance Payments

- Qualified Pensions
- Royalties PA Schedule E
- Social Security Benefits
- Strike Benefits
- Subchapter S Corporation Income
- Supplemental Unemployment Benefits
- Unemployment Compensation Payments (*made by any governmental agency*)

WHEN TO FILE

Your 2010 PGH-40 must be filed no later than April 15, 2011. Fiscal year taxpayers must file a completed return within 105 days of the close of their fiscal year.

HOW TO FILE

The City of Pittsburgh and School District of Pittsburgh offer three convenient ways to file your taxes.

PLEASE FILE YOUR RETURN BY PHONE OR INTERNET IF YOU ARE ELIGIBLE.

FILE BY TELEPHONE – TELEFILING is available for filing of individual **EARNED INCOME** Tax for taxpayers who have access to a touchtone phone and meet certain other criteria.

FILE VIA THE INTERNET – INTERNET FILING is available for filing of individual **EARNED INCOME** Tax for taxpayers who have internet access and meet certain other criteria.

See the TELEFILING AND INTERNET FILING WORKSHEET on page 3 of this booklet for eligibility and instructions.

FILE BY MAIL – For taxpayers who are unable to file by telephone or via the Internet, Form PGH-40 provides a convenient means of filing your return by mail. This personalized tax booklet includes two copies of Form PGH-40, along with complete instructions for filing your return. A reply envelope and color-coded address labels are also included for your convenience. When filing by mail, please use these to assist the Tax Department in processing your return quickly and efficiently.

See INSTRUCTIONS FOR COMPLETING YOUR 2010 PGH-40 AND FILING BY MAIL on page 4 of this booklet.

HOW TO PAY TAXES OWED

The **BALANCE OWED** on form PGH-40 must be paid in full by check with your return. **DO NOT SEND CASH.**

To Pay by Check: Make check payable to "TREASURER, CITY OF PITTSBURGH" and mail it with your return. Please write your Account No., found in the upper left corner of Form PGH-40, or Social Security No. on your check. A \$30.00 fee will be assessed for any check returned from the bank for any reason.

REFUNDS

Returns that claim an overpayment **MUST** include:

ALL INFORMATION REQUESTED ON FORM PGH-40:

RESIDENCY STATUS – Proper classification according to instructions on pages 4 & 5 of this booklet.

SOCIAL SECURITY NUMBERS – **MUST** be provided for Taxpayer and Spouse (even if filing separately)

REFUND or CREDIT TOWARD 2011 TAXES – Must be clearly indicated on Line 12.

THE TAX RETURN MUST BE SIGNED – If filing a joint return, **BOTH** must sign.

ALL SUPPORTING DOCUMENTATION:

IRS FORM W-2, 1099, etc FOR ALL TAXPAYERS – Should be photocopied on 8-1/2 x 11 paper.

PA SCHEDULES UE, C, RK-1, NRK-1 (If required) – Your name and Social Security number **MUST** be entered on all schedules, and should be photocopied on 8-1/2 x 11 paper.

Non-Residents or Part-Year Residents of Pittsburgh who are residents of Pennsylvania must have the Non-Resident Exemption Certificate, Form WTEX, signed by the local tax collector. See instructions on pages 4 & 5 of this booklet.

Part-year Residents of Pittsburgh who came from or went to another state must include copies of both state tax returns.

Non-Resident Aliens claiming a refund under a Visa status must include a copy of their Visa. See instructions on page 5 of this booklet.

Non-Residents of Pennsylvania must include a copy of their state income tax return. If your state does not have an income tax, include appropriate proof of residency. If you were a Part-Year Resident of Pennsylvania you also need to include a copy of your state tax return.

Failure to provide all of the required information will prevent processing of a Refund or Credit. An overpayment of \$2.00 or less will not be refunded or credited.

CHECKING THE STATUS OF YOUR REFUND

If you file prior to April, allow 8 weeks for processing before calling the Refund Tracking System (RTS) to track the status. If you file in April, allow 10 weeks. The Refund Tracking System phone number is **412-393-0167**.

ADDITIONAL FORMS

If additional forms and/or information are needed, please contact our office at **412-255-2524**, or visit our web site at www.city.pittsburgh.pa.us/finance

FILING AN EXTENSION

LOCAL TAX LAW DOES NOT PROVIDE FOR AN EXTENSION OF TIME TO FILE. The City recommends that you file and pay all tax on a tentative return and file an amended return later, if necessary.

FILING AN AMENDED RETURN

The City of Pittsburgh does not have a separate amended tax form. Get a PGH-40 return at **412-255-2524**. Check Amended Return, located at the top of the form.

HOW LONG SHOULD TAX RETURNS BE KEPT?

It is suggested that you keep all tax records and tax returns for a minimum of three years for City and School District of Pittsburgh tax purposes. If you have not filed a PGH-40 tax return, there is no statute of limitation for compliance enforcement.

NET PROFIT TAX AND FILING OF QUARTERLY ESTIMATED INCOME TAX DECLARATIONS FOR TAXPAYERS WHO ARE SELF-EMPLOYED

Taxpayers who are self-employed (sole proprietors, Schedule C income and members of partnerships) are subject to the NET PROFIT TAX and must file and pay quarterly estimated income tax declarations.

Quarterly estimated income tax declarations for **calendar year taxpayers who are self-employed** are due on:

April 15, June 15, September 15, January 15 of the succeeding year.

Contact our office at **412-255-2524** to receive **Form NP-5**, which is used to file quarterly declarations.

QUARTERLY WAGE TAX FOR TAXPAYERS WHOSE EMPLOYERS DO NOT WITHHOLD LOCAL TAXES

If City and School District Earned Income Taxes are not withheld by an employer for any reason, the employee must pay the taxes on a quarterly basis directly to the Treasurer. The tax must be calculated on the actual income earned during the quarter, and payments are due on:

April 30, July 31, October 31, January 31 of the succeeding year

Contact our office at **412-255-2524** to receive **Form WT-4**, which is used to file quarterly declarations.

UNDERPAYMENT OF TAX FOR INDIVIDUALS, TRUSTS AND ESTATES

Underpayment of Quarterly Tax (Forms NP-5 or WT-4) by an individual, trust or estate will result in the imposition of penalty and interest. To be in compliance, payments must be made as follows:

The amount of each installment paid is to be at least 75% of the amount due for the quarter.

The total of the installments is to be at least 75% of the total for the taxable year.

The amount of the underpayment that is subject to penalty and interest is the difference between the amount actually paid and 75% of the total tax shown on LINE 6 of Form PGH-40. This is called a PINP Charge.

**PLEASE FILE YOUR RETURN BY PHONE OR INTERNET
IF YOU ARE ELIGIBLE**

See the TELEFILING AND INTERNET FILING WORKSHEET on page 3 of this booklet for eligibility and instructions.

TELEFILING AND INTERNET FILING WORKSHEETwww.city.pittsburgh.pa.us/finance

The City of Pittsburgh and School District of Pittsburgh are using TELEFILING and INTERNET FILING of Individual Earned Income on a limited basis. You may file your return using these convenient services ONLY IF you meet all of the following requirements:

IF the difference between the Tax Withheld on your W-2 and your Total Tax Liability is less than or equal to \$2.00.

IF you have access to a touch-tone phone or the Internet.

IF you filed as a Resident of Pittsburgh or Mt. Oliver for 2009.

IF you were a resident of Pittsburgh or Mt. Oliver for ALL of 2010.

IF you and your spouse (if any) have not changed your name from 2009.

IF all of the pre-printed information in TAXPAYER section (below) is correct and accurate for 2010.

IF you have a VALID 2010 PIN (below). Keep your PIN in a safe place. If you misplace it, you will have to file a paper return.

IF all of your 2010 income is documented with W-2s.

IF you have no more than a total of SEVEN W-2s.

TAXPAYER	FIRST NAME	LAST NAME	SOCIAL SECURITY NO.	PIN	RESIDENCE ADDRESS
TAXPAYER					
SPOUSE					

RESIDENCY STATUS	FILING STATUS

IF ANY OF THE PREPRINTED INFORMATION ABOVE HAS CHANGED OR IS INCORRECT, YOU CANNOT USE TELEFILING OR INTERNET FILING. YOU MUST THEN FILE FORM PGH-40 BY MAIL! See instructions on pages 4-7 of this booklet.

IF ALL OF THE ABOVE INFORMATION IS CORRECT, PLEASE COMPLETE THE FOLLOWING INCOME AND WITHHOLDING SUMMARY IN PREPARATION FOR USING TELEFILING OR INTERNET FILING (Do not send W-2's)

INCOME / WITHHOLDING		From Internal Revenue Service (IRS) Form W-2		
EMPLOYER NAME (IF YOU HAVE MORE THAN 7 W-2s, YOU CANNOT USE TELEFILING OR INTERNET FILING. YOU MUST FILE BY MAIL)	FEDERAL EMPLOYER ID NUMBER Box b (DO NOT ENTER HYPHENS)	W-2 WAGES Box 18	PITTSBURGH CITY/SCHOOL LOCAL TAX WITHHELD Box 19	
1				
2				
3				
4				
5				
6				
7				
TOTAL OF LINES 1 - 7				

INSTRUCTIONS FOR TELEFILING AND INTERNET FILING:

To TELEFILE using a touch-tone phone, dial **412-393-0167**.

To file via the INTERNET, go to www.city.pittsburgh.pa.us/finance

Follow the system prompts, providing the information from this completed TELEFILING AND INTERNET FILING WORKSHEET.

When you have successfully completed filing, the system will give you a 12-digit Confirmation Number. Enter the Confirmation Number below, and keep this worksheet for your records.

Confirmation No.

PLEASE FILE YOUR RETURN BY PHONE OR INTERNET IF YOU ARE ELIGIBLE.

See the TELEFILING AND INTERNET FILING WORKSHEET on page 3 of this booklet for eligibility and instructions.

If you are not eligible to file your return by Phone or Internet, you are required to file by mail using Form PGH-40. Following are line-by-line instructions for completing Form PGH-40 and filing your City of Pittsburgh and School District of Pittsburgh Individual Earned Income Tax Return.

Please **PRINT NEATLY** in **CAPITAL LETTERS**, and use **BLACK INK** to insure efficient and accurate processing of your return.

TAXPAYER INFORMATION

The Taxpayer Information provided with your 2009 return has been pre-printed on the copies of Form PGH-40 included in your 2010 tax booklet. Review this information carefully, and make corrections to pre-printed information that is incomplete or inaccurate.

TAXPAYER – Last Name, First Name, Social Security No. and Occupation for the primary taxpayer in the space provided.

SPOUSE - If married, Last Name, First Name, Social Security No. and Occupation for your spouse. You must supply this information even if filing separately.

RESIDENCE ADDRESS – Complete street address for your “Permanent Home.” See RESIDENCY STATUS on Pages 4 & 5 of this booklet for more information about determining your “Permanent Home.”

VERIFYING YOUR SOCIAL SECURITY NO.

If you are using a copy of Form PGH-40 with your Taxpayer Information pre-printed, verify that the last four digits of your Social Security No. is accurate. If it is not, check the box indicated so we can correct our records. You **MUST** also enter your complete 9-digit Social Security Number where indicated.

Disclosure of your Social Security Number is mandatory.
This disclosure is authorized under the authority of the Federal Privacy Act of 1974-5 U.S.C. Section 552a; the Social Security Act, 42 U.S.C. Section 405(c) (2) (C) (i) and the City Code chapter 201.04. Your Social Security number is necessary to insure proper administration of these taxes. In addition, Federal Income Tax information has been made available to the City and this information will be used to compare tax returns.

FILING STATUS

Place an “X” in the appropriate box indicating your filing status:

- Single
- Married – Filing Jointly
- Married – Filing Separately
- Deceased
- Retired-No Taxable Income

DECEASED TAXPAYERS - The return for a “Deceased” person must be filed by the executor, administrator, trustee or other person charged with the care of the estate. A joint return is not allowed for the year of death. The deceased individual’s return shall cover the period beginning with the taxable year in which the death occurred and ending with the date of death. If the taxpayer died during 2010, select “Deceased” as the filing Status and enter the “Date Deceased.”

RETIRED TAXPAYERS - A retired person whose income is derived from pensions, annuities, Social Security, interest and/or dividends and who has received **NO EARNED INCOME** or **NET PROFITS** during 2010 should place an “X” in the box indicating “Retired-No taxable income”, sign and mail the return using the envelope and the white label provided. *This will result in no PGH-40 being sent in future years.*

RESIDENCY STATUS

Place an “X” in the appropriate box indicating your Residency Status for 2010. Valid Responses are:

- 1 – Full-Year Pittsburgh Resident
- 2 – Full-Year Mt. Oliver Resident
- 3 – Non-Resident of Pennsylvania
- 4 – Part-Year Pittsburgh Resident
- 5 – Non-Resident of Pittsburgh, residing in PA

DETERMINING YOUR RESIDENCY STATUS - A resident is a person or entity domiciled in the taxing district for the entire tax year. Domicile is the place where one lives and has a permanent home to which one has the intention of returning whenever one is absent. Where you are domiciled and your status as a resident of the taxing district will determine your RESIDENCY STATUS, and the amount of tax you must pay. Review the following to determine your Residency Status.

WHO IS A RESIDENT OF PITTSBURGH?

If you were a resident of Pittsburgh for all of 2010, your Residency Status is **(1) Full-Year Resident of Pittsburgh**. If you were a resident of Pittsburgh for only part of 2010, see “WHO IS A PART-YEAR RESIDENT OF PITTSBURGH” on page 5 of this booklet.

Full-Year Residents of Pittsburgh should not complete Form WTEX.

WHO IS A RESIDENT OF MT. OLIVER?

A Mt. Oliver resident is a person or entity domiciled in Mt. Oliver Boro for the entire tax year. Mt. Oliver residents are liable for the **2%** Pittsburgh School District Earned Income Tax, but not the **1%** City of Pittsburgh Earned Income Tax.

If you were a resident of Mt. Oliver for all of 2010, your Residency Status is **(2) Full-Year Mt. Oliver Resident**. If you were a resident of both Pittsburgh and Mt. Oliver during the current tax year, please call **412-255-8821** for assistance in calculating your tax liability.

Mt. Oliver residents must complete the Non-Resident Exemption Certificate, Form WTEX, on the reverse side of Form PGH-40.

WHO IS A NON-RESIDENT OF PENNSYLVANIA?

A person who’s real and permanent home was in another state and/or country for the entire tax year is a non-resident of Pennsylvania. You are subject to 1% tax on income from sources in Pittsburgh. If you had a temporary residency in the City of Pittsburgh and/or outside the City limits during the tax year and receive income from sources inside the City, you are liable for taxes on that income at **1%**.

If you are a Non-Resident of Pennsylvania for all of 2010, your Residency Status is **(3) Non-Resident of Pennsylvania**. You must enter the name of the state and/or country in which you reside on the line provided on Form-PGH 40.

If you were a Non-Resident of Pennsylvania and moved to Pittsburgh, or you moved from Pittsburgh to another state or country during 2010, your Residency Status is **(4) Part-Year Resident of Pittsburgh**.

Non-Residents must also attach a copy of your out of state tax return as proof of your out of state residency. If your state/country does not have an income tax, attach a copy of your Federal Tax return and other proof which will verify your residency (such as drivers' license, deed to your house or valid rental lease).

NON-RESIDENTS WORKING ON A VISA - Non-Resident individuals on a Visa pay a 1% local wage tax to the municipality in which they WORK, NOT LIVE. Your Residency Status is (3) Non-Resident of Pennsylvania.

If you reside in a municipality other than Pittsburgh, but are working in Pittsburgh, then you are liable to Pittsburgh for a 1% wage tax.

If you are living in Pittsburgh, but are working in a municipality outside of Pittsburgh, you are liable to **THAT** municipality.

Persons on a Visa must submit a copy of their Visa along with a brief explanation of the reasons for and duration of their stay in Pittsburgh. If you haven't applied for your Green Card, include a copy of your Visa and I-94 card when you file your PGH-40 tax return. **NON-RESIDENT ALIENS** please note that the date that you apply for your Green Card (**PERMANENT RESIDENT STATUS**), is the date we consider you to be domiciled in the U.S.A. If your status changed during the tax year, please contact our office at **412-255-8821** for assistance.

Non-Residents of Pennsylvania should not complete Form WTEX.

WHO IS A PART-YEAR RESIDENT OF PITTSBURGH?

If you changed your permanent residence during the year from a place outside the City to the City of Pittsburgh with the intent of residing here permanently, or from the City of Pittsburgh to a place outside the City with the intent of residing there permanently, your Residency Status is **(4) Part-Year Resident of Pittsburgh**. You are subject to the City and School tax at **3%** on earned income as a resident for that part of the year in which you were a resident. You may not file as a non-resident of Pennsylvania. You must indicate the length of time you were a part-year resident on Form PGH-40.

Part-Year Residents of Pittsburgh who lived the balance of the year in a municipality within Pennsylvania (other than Pittsburgh), must complete the Non-Resident Exemption Certificate, Form WTEX, on the reverse side of Form PGH-40.

*If you were a part-year resident of another state, **DO NOT** complete Form WTEX, but include copies of your PA and out of state tax returns.*

WHO IS A NON-RESIDENT OF THE CITY OF PITTSBURGH?

A non-resident of the City of Pittsburgh is a person or entity domiciled in a Pennsylvania municipality other than the City of Pittsburgh or Mt. Oliver Boro for the entire tax year, your Residency Status is **(5) Non-Resident of Pittsburgh Residing within the State of PA**.

A 2010 PGH-40 tax return must be filed in order to receive a refund for wage taxes erroneously sent to the City and School District of Pittsburgh.

Non-Residents of Pittsburgh must also complete the Non-Resident Exemption Certificate, Form WTEX, on the reverse side of Form PGH-40. If you were a resident of more than one municipality, a separate Form WTEX must be completed for EACH municipality. Call 412-255-2524 for additional forms.

Please call **412-255-8821** for assistance in determining your Residence Status.

CALCULATING THE AMOUNT OF YOUR TAX

Following are line-by-line instructions for calculating your City of Pittsburgh and School District of Pittsburgh Individual Earned Income Tax.

LINE 1 EARNED INCOME – Earned Income includes salaries, wages, commissions, bonuses, incentive payments, fees, tips and other compensation received by a person or their personal representative for services rendered whether directly or through an agent, and whether in cash or in property.

Enter the TOTAL EARNED INCOME FROM ALL SOURCES for the taxable period. A taxpayer filing on either a calendar or fiscal year basis must report all EARNED INCOME received during the tax year on the same basis that it is reported on their state tax return. If you do not have EARNED INCOME, enter zero (0).

TAXABLE WAGES FROM IRS Form W-2 - The City and School District of Pittsburgh taxable wages (compensation) are the same as the State of Pennsylvania taxable wages. **If there is a difference between State (IRS Form W-2 Box 16) and Local (IRS Form W-2 Box 18) wages, and you were a full year Pittsburgh resident, use the State wages.**

INCOME FROM COMMISSIONS - Income from commissions, if reported on IRS Form W-2, should be included on Line 1 of Form PGH-40. Income from commissions reported on IRS Form 1099 should be included in Line 1 of Form PGH-40 only if included as income on Line 1 of your PA State Income Tax Return (PA-40).

RETIREMENT PLAN CONTRIBUTIONS - The City and School District of Pittsburgh do not recognize plans which serve to reduce taxable income for federal purposes (i.e. 401k, 403b plans). Contributions by the employee to this type of plan do not reduce taxable wages for the City and School District earned income tax.

EARNED INCOME FROM SUB-S CORPORATIONS - Earned Income is taxable from S-Corporations to the extent that earnings represent compensation for services and are not reported on IRS Form W-2.

PART-YEAR RESIDENTS - If you were a Part-Year Pittsburgh Resident during 2010, enter only compensation earned while a Resident of Pittsburgh.

DOCUMENTING EARNED INCOME - IRS Forms W-2, 1099 Misc. and all other applicable schedules must be included with the return to support each item of income. Form W-2 is provided by employers and sets forth, among other information, total earnings and local taxes withheld for the year.

A taxpayer who has worked for more than one employer during the year must submit a W-2 from each employer. If a taxpayer is unable to furnish a form or a substitute form, evidence of compensation paid and tax withheld (such as copies of all pay stubs for the year) may be submitted in their place, along with a statement explaining the reason the form is not available. If the W-2 form submitted does not indicate the amount withheld for the City and School District, it will be assumed that none was withheld.

TAXPAYERS REPORTING NO EARNED INCOME - A taxpayer who is required to file a Pennsylvania tax return (PA-40) but DOES NOT have any earned

income subject to the City and School District Earned Income Tax for 2010 is to sign and mail the return in the envelope and “white” label provided, along with a statement describing the sources of income.

LINE 2 DEDUCTIONS FOR UNREIMBURSED EMPLOYEE BUSINESS EXPENSES - Enter the deduction for Unreimbursed Employee Business Expenses, attach the PA Schedule UE. If you do not claim a deduction for Unreimbursed Employee Business Expense, enter zero (0).

The guidelines under Act 166 of 2002, which took effect in 2003, follow the State of Pennsylvania for allowable employee expenses. Check the PA-40 instructions for Line 1b, PA Schedule UE.

Business-related auto expenses, union dues, professional license fees, small tools required for employment and uniforms or work clothing **not suitable** for everyday use are allowable expenses.

Unreimbursed transportation and expenses while away from home overnight (lodging, food, etc.) incurred as a condition of employment and required by the employer are allowed as a deduction less the amount of reimbursement.

Non-Residents of Pennsylvania who work in the City of Pittsburgh may claim only those expenses incurred while performing their job in Pittsburgh.

If claiming miscellaneous expenses on PA Schedule UE, you must also attach an itemized breakdown.

The City of Pittsburgh, Department of Finance has the legal authority to require evidence that the expenses you claim on a PA Schedule UE are allowable for Pittsburgh purposes. Keep your necessary documents, receipts, vouchers, and other records for at least four years.

College Professors must also include a letter of authorization from the Dean of their School.

LINE 3 TAXABLE EARNINGS – Subtract LINE 2 from LINE 1, and enter the difference.

LINE 4 NET PROFITS - The NET PROFIT (loss) from the operation of a business, profession, or other activity by a sole proprietor; income from a partnership; business rents (Schedule C); income from estates etc. is computed by subtracting from gross receipts the cost of goods sold and all ordinary and necessary expenses of doing business.

INCOME FROM PARTNERSHIPS - Members of a partnership, joint venture or other entities must report their share of NET PROFIT (loss) distributed or distributable during 2010. Limited partners, ones who invest only, are not taxable as long as they provide no services to the partnership. General partners are taxable.

One member of the partnership must include a copy of the IRS Form 1065 along with their return. Copies of PA Schedules C, RK-1, NRK-1, non-passive must be filed by all members of the partnership and included with their return.

INCOME FROM ESTATES AND TRUSTS - Estates or Trusts located within the taxing jurisdiction of the

City and School District of Pittsburgh (resident estates and trusts) and engaged in an income-producing activity must file a return and pay the tax based on its NET PROFIT (loss). The estate or trust is subject to the tax whether or not distributions have been made to its beneficiaries. Income from non-resident estates and trusts distributed to residents of Pittsburgh must be reported on the resident’s Form PGH-40, LINE 4.

INCOME FROM RENTALS – Income from rentals reported on PA-40 Line 6 are not taxable. Income from Rentals is taxable if significant services have been provided and NET INCOME (loss) has been reported on PA-40 Schedule C.

INCOME FROM ROYALTIES, PATENTS & COPYRIGHTS – Income from royalties, patents or copyrights reported on PA-40 Line 6 are not taxable.

PAYMENTS TO INDIVIDUAL RETIREMENT PLANS AND PENSIONS - Deductions in determining NET PROFIT (loss) shall not include taxes based on income, or payments to individual retirement plans or pension plans to the extent the payments are made on behalf of the taxpayer.

OFFSETTING LOSSES AGAINST WAGES AND NET PROFIT – Starting in 2009, taxpayers cannot offset a business loss against wages per the State of Pennsylvania Act 166 of 2002 and Act 32 of 2008. Taxpayers can offset one business loss against the gain of another business on Line 4 of the PGH-40. A loss from an individual’s business can be offset against the individual’s gain from another business. Losses from your business(es) cannot exceed your gains from other businesses. Taxpayer and spouse that have joint, equal ownership of any business can offset their percent of loss against their own gains from other businesses. If the loss exceeds gains, the loss cannot be used against spouse’s gains.

LINE 5 TOTAL GROSS COMPENSATION/NET PROFIT - Add LINE 3 and LINE 4, and enter the TOTAL. If LINE 5 is a negative number, ENTER 0.

LINE 6 TAX – Multiply LINE 5 by the tax rate, and enter the TOTAL TAX. Do not round to the nearest dollar.

Pittsburgh residents **3.0%** (0.03)
Mt. Oliver residents **2.0%** (0.02)
Non-residents of Pennsylvania **1%** (0.01)

Persons claiming Residency Status **5 – Non-Resident of Pittsburgh residing within the State of PA** and having completed the Non-Resident Exemption Certificate (Form WTEX) verifying they have paid at least a 1% wage tax to their PA municipality of residence should enter zero (0) on LINE 6. Residency Status 5 does not apply to part-year residents of another state or country.

LINE 7 TOTAL LOCAL TAX WITHHELD PER W-2(s) - Calculate the amount of City of Pittsburgh and School District of Pittsburgh tax withheld from all W-2s, and enter the TOTAL.

If your W-2 shows City withholding on one copy and School withholding on another copy, both must be submitted to receive proper credit.

IRS Forms W-2, 1099 Misc. and all other applicable schedules must be included with the return to support local tax withholding.

Form W-2 is provided by employers and sets forth, among other information, total local taxes withheld for the year. A taxpayer who has worked for more than one employer during the year must submit a W-2 from each employer. If the W-2 form submitted does not indicate the amount withheld for the City and School District, it will be assumed that none was withheld.

LINE 8 TOTAL ESTIMATED TAX PAYMENTS ON NP-5 –

Calculate the total Estimated Payments reported on Form NP-5 during the tax year, and enter the TOTAL. Also enter the Social Security Number to which those payments are credited and which is reflected on Form NP-5.

LINE 9 TOTAL TAX PAYMENTS ON WT-4 –

Calculate the total Payments reported on Form WT-4 during the tax year, and enter the TOTAL. Also enter the Social Security Number to which those payments are credited and which is reflected on Form WT-4.

LINE 10 OTHER CREDITS - Enter all other tax credits you may be entitled to, such as an overpayment from a prior year.

CREDIT FOR PAYMENTS TO OTHER JURISDICTIONS - Payments by residents of the City of Pittsburgh of a tax on income to any state other than Pennsylvania, or any political subdivision located outside of Pennsylvania, or to the City of Philadelphia, can be credited against the City and School's 3% Earned Income Tax.

Credits for income taxes paid to other states must first be used against your Pennsylvania State Income Tax liability; any credit remaining thereafter may be used against your local earned income tax liability. You may take a credit based upon the gross earnings taxed both in another US State and in Pennsylvania that is in excess of Pennsylvania State Personal Income Tax. In calculating your credit for income taxes paid to another state, note that the same income must be subject to both your local earned income tax and the out of state tax.

Credits for income taxes paid to Philadelphia may be taken directly, dollar for dollar, against your local earned income tax liability. The credit is nonrefundable (that is, it can reduce your Pittsburgh Earned Income Tax to zero but not below zero).

A copy of the PA State Income Tax Return (PA-40) and a worksheet showing the calculation of the credit must be included with the return.

LINE 11 TOTAL TAX CREDITS – Add LINES 7, 8, 9, 10 and enter the TOTAL.

LINE 12 AMOUNT OVERPAID - If LINE 11 is more than LINE 6, subtract LINE 6 from LINE 11, and enter the AMOUNT OVERPAID.

Indicate whether you want the money refunded to you or applied as a credit against next year's tax. See instructions on page 1 regarding Refunds. If neither is checked, the overpayment will be refunded or credited based on the label used to mail the return.

An overpayment of \$2.00 or less will not be refunded or credited.

In accordance with the Local Taxpayers Bill of Rights, Act 50 of 1998, a taxpayer shall file a written request for a refund or a credit on the prescribed form within 3 years of the due date of the tax return, or 1 year after actual payment of the tax, whichever is later.

You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes by calling the City of Pittsburgh, Department of Finance at 412-255-2524 between the hours of 8:00 a.m. to 4:00 p.m. on normal business days.

LINE 13 AMOUNT OWED - If LINE 11 is less than LINE 6, subtract LINE 11 from LINE 6, enter the AMOUNT OWED.

Amounts of \$2.00 or less are not due.

LINE 14 PENALTY AND INTEREST - If the amount on LINE 13, AMOUNT OWED, is paid after April 15, 2011, penalty and interest will be assessed on the unpaid balance each month until paid in full. The amount of the penalty and interest is calculated as follows:

Unpaid Balance of AMOUNT OWED
x Penalty & Interest Rate (%)
x Months Unpaid

PENALTY & INTEREST AMOUNT

The Interest rate charged is variable, and is set in December of each year. The prevailing rate for 2010 can be found on Form PGH-40, LINE 14.

LINE 15 TOTAL AMOUNT REMITTED – Add LINE 13 to LINE 14 and enter the TOTAL.

INCLUDE SCHEDULES AND FORMS

Include copies of relevant schedules including IRS Forms W-2, and 1099; PA Schedules UE, C, RK-1, NRK-1 etc. Your name and Social Security number must be entered on all schedules.

CHECK YOUR RETURN FOR ACCURACY

Before mailing your return, carefully check to make sure you reported all of your income and claimed the credits to which you are entitled. CHECK ALL ENTRIES and CALCULATIONS. Any error could prevent the processing of your return.

SIGN YOUR RETURN

BE SURE TO SIGN YOUR RETURN. If you are filing a joint return, **BOTH** you and your spouse must sign the return. If your return was prepared for a fee, the PREPARER must sign your return in the appropriate space.

PREPARE YOUR RETURN FOR MAILING

Make copies of your return and all documentation for your records. Fold Form PGH-40 and all required documentation, and insert into the envelope included in your tax booklet. All requested information must be included with the PGH-40 for a return to be accepted as filed. Affix the appropriate color-coded address label included in your tax booklet.

MAIL YOUR RETURN PRIOR TO THE DEADLINE

The U.S. Postal Service Postmark is the only accepted proof of timely filing. The City and School District will assume no responsibility for tax returns mailed to an incorrect Post Office Box or address.

